

Message Text

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ORIGIN TRSE-00

INFO OCT-01 EA-07 ISO-00 EB-07 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 ITC-01 PRS-01 SP-02 OMB-01 NSCE-00 SSO-00

USIE-00 INRE-00 /082 R

DRAFTED BY TREAS:RSELF:JH

APPROVED BY EB/OT/STA:WCLARK, JR.

EB/OT/STA:MCJONES

EA/PHL:RWILLNER

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FM SECSTATE WASHDC

TO AMEMBASSY MANILA IMMEDIATE

INFO AMCONSUL HONG KONG PRIORITY

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E.O. 11652: N/A

TAGS: ETRD, RP

SUBJECT: COUNTERVAILING DUTY INVESTIGATION -- CERAMIC WALL
TILE

REF: MANILA 508

1. PRIOR TO RECEIPT OF REFTEL TREASURY OFFICIAL HAD
BEEN IN COMMUNICATION WITH COUNSEL FOR MARIWASA REGARDING
POSSIBLE SOLUTION TO COUNTERVAILING DUTY CASE THROUGH
DELISTMENT OF MARIWASA AS A REGISTERED ENTERPRISE UNDER
INVESTMENT INCENTIVES ACT. THE ATTORNEY, WILLIAM TANAKA,
HAD INDICATED THAT MARIWASA ACCOUNTED FOR APPROXIMATELY
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NINETY-FIVE PER CENT OF PHILIPPINE CERAMIC WALL TILE

EXPORTS TO THE U.S. DURING 1974 AND THAT THE REMAINING FIVE PER CENT WAS FILLED BY FIL-HISPANO. TANAKA INDICATED THAT FIL-HISPANO, WHICH IS REGISTERED UNDER THE EXPORT INCENTIVES ACT, WOULD BE WILLING TO SUSPEND SHIPMENTS TO THE U.S. FOR PERIOD OF FIVE YEARS WHILE REMAINING A REGISTERED ENTERPRISE UNDER THAT ACT. HOWEVER, TANAKA INFORMED US SUBSEQUENTLY THAT FIL-HISPANO WOULD ONLY COMMIT ITSELF TO HOLDING FUTURE SHIPMENTS TO "MINIMAL AMOUNTS."

2. PROSPECT OF MARIWASA DELISTMENT IS THE MOST SIGNIFICANT STEP SO FAR TOWARD A SATISFACTORY RESOLUTION OF THIS CASE IN VIEW OF ITS PROPORTION OF ALL EXPORTS TO U.S. MARKET AND WILL PERMIT PRODUCTS TO AVOID ASSESSMENT OF COUNTERVAILING DUTIES. HOWEVER, TREASURY WOULD STILL BE REQUIRED TO PUBLISH A FINAL AFFIRMATIVE DETERMINATION UNLESS IT HAS A CONCRETE, ACROSS-THE-BOARD ASSURANCE THAT NO PHILIPPINE CERAMIC WALL TILE FIRMS, REGISTERED UNDER THE TWO STATUTES UNDER INVESTIGATION, WILL MAKE FUTURE SALES TO THE U.S. AFFIRMATIVE DETERMINATION WOULD PROBABLY STATE THAT "BOUNTIES OR GRANTS ARE BEING PAID ON CERAMIC WALL TILE PRODUCED BY COMPANIES REGISTERED UNDER IIA OR EIA". IF SUCH DETERMINATION ISSUED, CERAMIC WALL TILE EXPORTED TO U.S. FROM COMPANIES WHICH PROVIDE GOP CONFIRMATION THAT THEY ARE NOT RPT NOT REGISTERED UNDER EITHER STATUTE WILL NOT RPT NOT BE SUBJECT TO COUNTERVAILING DUTIES. HOWEVER, AFFIRMATIVE DETERMINATION WOULD FOCUS ATTENTION ON THE INCENTIVES LAWS IN A MANNER PROBABLY NOT FAVORABLE TO PHILIPPINE INTERESTS. PIECEMEAL ACTIONS BY INDIVIDUAL COMPANIES WITHOUT GOP-PARTICIPATION ARE ADMINISTRATIVELY VERY DIFFICULT FROM TREASURY'S STANDPOINT. (TREASURY IS NOT IN POSITION TO MONITOR WHICH CERAMIC WALL TILE COMPANIES ARE REGISTERED UNDER THE STATUTES.)

3. ACCORDINGLY, IN ORDER FOR TREASURY TO ISSUE A FINAL DETERMINATION THAT NO BOUNTIES OR GRANTS ARE BEING PAID ON IMPORTS OF CERAMIC WALL TILE FROM THE PHILIPPINES, WE WOULD NEED ASSURANCE FROM THE GOP THAT NO CERAMIC WALL TILE FIRMS PRESENTLY LISTED UNDER STATUTES MENTIONED LIMITED OFFICIAL USE

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WILL MAKE FUTURE SHIPMENTS TO THE UNITED STATES. SHOULD THE SITUATION CHANGE, WE WOULD EXPECT TGOP TO NOTIFY US IMMEDIATELY OF THAT FACT.

4. BASED ON THE LIMITED KNOWLEDGE WE HAVE OF THE EXTENT OF UTILIZATION OF BENEFITS UNDER THESE STATUTES BY INDIVIDUAL FIRMS, AND THE FACT THAT CLARIFICATION SOUGHT IN OCTOBER QUESTIONNAIRE HAS NOT BEEN SUPPLIED, SOLUTION

PROPOSED IN PARA 3 APPEARS TO BE ONLY POSSIBLE WAY TO
RESOLVE CASE WITH A NEGATIVE DETERMINATION. WE WOULD
APPRECIATE GOP REACTION TO THIS PROPOSAL ASAP, SINCE
TREASURY MUST ISSUE A FINAL DETERMINATION IN THIS CASE
BY FEBRUARY 26. KISSINGER

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Message Attributes

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Draft Date: 06 FEB 1976
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Decaption Note:
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Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
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Margaret P. Grafeld
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